



MEMORANDUM

To: PLANNING COMMISSION

Date: June 13, 2006

From: COMMUNITY DEVELOPMENT DEPARTMENT

**Subject: MEASURE C BUILDING ALLOTMENT FOR FY 09/10 AND FY 10/11
(2007 COMPETITION)**

REQUEST

The Community Development Department is requesting Planning Commission and City Council determination of the available building allotment for the next Residential Development Control System (Measure C) competition. Also requested is approval to reserve a portion of the FY 2009-10 building allotment for a separate micro project competition and award the balance of the FY 2009-10 allotment to on-going projects.

TOTAL BUILDING ALLOTMENT

Under Section 18.78.030 B of the Measure C Ordinance, the number of residential building allotments shall be determined biennially using the California Department of Finance's (DOF) most recently determined persons per household figures and population for the City of Morgan Hill.

Measure C also requires the DOF population estimate to be adjusted for any relevant housing backlog not included in its population estimate, the population of any Existing County Subdivision enumerated in paragraph 18.78.030A of the Measure C Ordinance that has been annexed, and any other quantifiable factor which improves the accuracy of the estimate. The adjusted population is then subtracted from 48,000, the result divided by the Department of Finance's most recently determined figure for persons per household in Morgan Hill, and then divided by the number of years remaining between that population estimate date and 2020. This gross annual allotment number is then reduced for any fiscal year by its previously awarded allotments (awarded in prior years) and the number of exempt units anticipated for that fiscal year.

The most recent DOF estimates were released on May 1, 2006. The population for Morgan Hill, as of January 1, 2006 is 37,091. The average number of persons per household is 3.034. The City has a backlog of 121 dwelling units not included in the DOF most recent population estimates. This figure would add 367 persons to the City's population. Eight homes were completed early and would not otherwise be counted in the population estimate. The population from these 8 dwellings, 24 residents, is subtracted from the 367 figure resulting in an adjusted population of 37,434.

Other Considerations:

1. The population needs to be adjusted for the units being annexed into the City which need to be counted against the 48,000 population cap. Approximately 25 units will be added through the urban island annexations, times 3.034, equals 76 persons subtracted from the population cap.
2. The population could also be adjusted based upon downtown units having fewer persons per household. Assuming the 1 and 2 bedroom units in the recently approved Downtown Competition will have one fewer person per household, a combined 190 1 and 2 bedroom units would have 190 fewer persons. Also, the 49 unit Central – Urban Housing project in the recent affordable project competition is now proposed as an affordable senior project. According to Census data, senior housing has an average of 1.6 persons per household resulting in 71 fewer persons. The combined 261 person population decline would add 6 units to the total allotment.

Using the above formula, the total allotment would be the adjusted 1/1/06 population of 37,091 plus 367-24 persons equals 37,434. This equals an annual allotment of 48,000 – 37,434 divided by 14 (to year 2020) divided by 3.034 persons per house hold equals **249** units per year. From this total 6 units need to be subtracted to account for the one dwelling unit exempt developments that are built each year. This equals **243** units per year.

Adjusting the total based on 76 persons added against the population cap due to the urban island annexations would decrease the adjusted allotment to **242**.

Adjusting the total allotment to account for fewer persons per household in the downtown would add 6 units for a total adjusted allotment of **248** units.

RECOMMENDATION

It is recommended that we used population adjustments due to annexations and fewer persons per household in the downtown for a total adjusted allotment of **248** units for Fiscal Year 2009-10 and 2010-11.

The preliminary building allotment distribution in the recent Downtown Competition for FY 2009-10 assumed 250 units would be available. A portion of the building allotment, 5 units, remained unallocated for a Micro Project competition to be conducted next year. The balance of

the allotment, 79 units, was recommended to be allocated to on-going projects with most projects receiving 14 units, out of a possible 15 units, in accordance with City Council policy. On-going projects are partially completed developments that require additional building allocations to be fully built out. These projects are entitled to an allotment of up to 15 units annually, if the projects are building in compliance with their development schedules. To adjust for the two fewer units that are available for FY 2009-10, staff recommends that two units be subtracted from the unallocated Micro Project set-aside. A micro project, which consists of six or fewer units at build out, could be allocated over two fiscal years with three units allotted in the first year and the balance allotted in the second year. With an early start of construction of the second year allotment, the micro project build as a single phase development. The Micro Project competition would be open to all projects of six or fewer units, including any micro projects located in the Downtown.

The fiscal year 2010-11 building allotment would also be 248 units. It is recommended the decision on how this allotment would be distributed by competition category be deferred until early next year. The will staff and the Planning Commission an opportunity to a better assess the number of building allocations that should be set-aside for a Downtown competition. A ballot measure is being considered for the November election that would either supplement the available building allotment, or would exempt downtown projects from Measure C. It would be premature to assign the available FY 2010-11 building allotment to the competition categories until the outcome of this ballot measure is known.

Staff recommends adoption of the attached Resolution incorporating the above recommendations for approval by the City Council.

Attachment:

1. Recommended Distribution of the remaining FY 2009-10 Building Allotment
2. Bedroom Count for Downtown Projects
3. Approval Resolution

**Approved Distribution of Building Allotments for FY 2007-08/2008-09 &
Recommended Distribution for FY 2009-10**

	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY2009-10</u>	<u>TOTAL</u>
<u>MICRO/COMPETITION:</u>				
<i>MMC-04-09: Taylor-Murray</i>	2	3		5
Unallocated:			3*	5
<u>SMALL COMPETITION:</u>				
<i>MC-04-17: San Pedro-Alcini</i>	4	8		12
<i>MC-04-27: Wright-Dividend</i>	9			9
<u>OPEN MARKET COMPETITION:</u>				
<i>MC-04-03: Glenrock</i>	15	15		30
<i>MC-04-04: Diana – Chan</i>	13	5	14*	32
<i>MC-04-12: E. Dunne - Dempsey</i>	5	8	14*	27
<i>MC-04-13: Barrett – Odishoo</i>	5	13		18
<i>MC-04-14: Central – Hu</i>	5	15		20
<i>MC-04-19: E. Main – Thrust</i>	5	8	9*	22
<i>MC-04-21: Barrett-Syncon Homes</i>	13	5	14*	32
<i>MC-04-22: So. Valley Developers</i>	13	15	14*	42
<i>MC-04-25: Lupine Investors</i>	6	12		18
<i>MC-04-26: Mission Ranch</i>	15	15	14*	44
<u>VERTICAL MIXED USE:</u>				
<i>MC-05-04: Sherman</i>		7		7
<i>MC-05-12: The Granary</i>	12			12
<i>MC-05-03: Gunter</i>	4	1	10	15
<u>AFFORDABLE COMPETITION:</u>				
<i>MC-05-02: So Co Housing</i>	54	41		95
<i>MC-05-09: Urban Housing</i>		12	37	49
<u>DOWNTOWN OPEN MARKET:</u>				
<i>MC-05-05: Alcini</i>	30			30
<i>MC-05-08: EAH</i>		10	70	80
<i>MC-05-06: Ahlin</i>	50	43	6	99
<i>MC-05-11: Glenrock</i>		14	43	57
Totals	<u>260</u>	<u>250</u>	<u>248</u>	<u>748</u>

* Recommended distribution of remaining allotment

<u>Project</u>	<u>Number of Bedrooms</u>	
Monterey – Gunter	2	1 bedroom
	2	2 bedroom
	11	3 bedroom
Madeline’s Mixed Use	6	3 bedroom
	1	4 bedroom
Monterey Alcini	4	1 bedroom
	22	2 bedroom
	4	3 bedroom
E. Main – Ahlin	10	1 bedroom
	48	2 bedroom
	41	3 bedroom
Diana – EAH	8	1 bedroom
	62	2 bedroom
	10	3 bedroom
Central – UHC	49	Senior Housing, count at 1.6 persons per household
Sunsweet	8	1 bedroom
	14	2 bedroom
	35	3 bedroom
The Granary	4	1 bedroom
	6	2 bedroom
	2	3 bedroom
<u>Totals:</u>		
	36	1 bedroom units
	148	2 bedroom units
	107	3 bedroom units
	1	4 bedroom units

The 190 1 and 2 bedroom units calculated at 2.034 persons per household equals 374 persons. A net population decrease of 190 persons versus the city wide average person per household.

RESOLUTION NO.

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING DISTRIBUTION OF THE REMAINING BUILDING ALLOTMENT FOR FISCAL YEAR 2009-10 AND DETERMINING THE AVAILABLE BUILDING ALLOTMENT FOR FISCAL YEAR 2010-11

WHEREAS, a building allotment under the City's Residential Development Control System (RDCS) would be available in the 2009-10 and 2010-11 fiscal years; and

WHEREAS, the Planning Commission has reviewed recommendations contained in the June 13, 2006 staff report on this item, and has determined that the total number and recommended distribution of the remaining fiscal year 2009-10 building allotment contained therein, as amended, is consistent with the General Plan and the City Code requirements under Chapter 18.78 of the Morgan Hill Municipal Code; and

WHEREAS, testimony received at the June 13, 2006 public meeting has also been considered in the review process;

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL THAT:

SECTION 1: Pursuant to Sections 18.78.030 and 18.78.184 of the Morgan Hill Municipal Code, the Planning Commission recommends the City Council authorize a Measure C competition to be conducted during fiscal year 2007-08.

SECTION 2: Pursuant to Section 18.78.030 (C) of the Municipal Code, the Commission recommends:

A. A portion of the fiscal year 2009-10 building allocation shall be reserved for a micro project competition as outlined in the attached Exhibit "A."

B. The available building allotment for fiscal year 2010-11 shall be 248 units. The distribution of the available allotment by competition (open/market, affordable, downtown, etc.) shall be determined early in 2007.

SECTION 3: Pursuant to Section 18.78.125(c) of the Morgan Hill Municipal Code, the award and distribution of the remaining fiscal year 2009-10 residential building allotment for shall be awarded to the On-going Projects as follows:

<u>Application</u>	<u>Allotment</u>
MC-04-04: Diana – Chan	14
MC-04-12: E. Dunne – Dempsey	14
MC-04-19: E. Main – Thrust	9
MC-04-21: Barrett-Syncon Homes	14
MC-04-22: So. Valley Developers	14
MC-04-26: Mission Ranch	14

**PASSED AND ADOPTED THIS 13th DAY OF JUNE 2006 AT A REGULAR MEETING
OF THE MORGAN HILL PLANNING COMMISSION BY THE FOLLOWING VOTE:**

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: COMMISSIONERS:

ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

FRANCES SMITH, Deputy City Clerk

Chair